

Message Text

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ACTION EB-06

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TO SECSTATE WASHDC 9694

INFO AMEMBASSY BONN

AMEMBASSY MADRID

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E.O. 11652: N/A

TAGS: IDB, XM, SZ

SUBJ: NON-REGIONAL COUNTRY PARTICIPATION IN INTER-AMERICAN

1. SUMMARY. SWISS ARE ANXIOUS KNOW USG POSITION ON ACCEPTANCE OFFER BY PROSPECTIVE NON-REGIONAL MEMBERS OF IDB. END SUMMARY.

2. AMBASSADOR JACOBI OF DIVISION OF COMMERCE, WHO IS SENIOR SWISS OFFICIAL CONCERNED SWISS PARTICIPATION IN MULTILATERAL FINANCIAL/DEVELOPMENT ORGANIZATIONS, ASKED ECONOMIC/COMMERCIAL COUNSELOR VISIT HIS OFFICE OCTOBER 9 FOR DISCUSSION SWISS VIEWS RE PRESENT STATUS NON-REGIONAL COUNTRY PARTICIPATION IN IDB. JACOBI NOTED THAT HE HAD COVERED SAME GROUND IN MEETING AT DEPARTMENT (EB/GLITMAN) OCTOBER 4. BRIEF ARTICLE ON SUBJECT APPEARED IN OCTOBER 8 "NEUE ZURCHER ZEITUNG."

3. JACOBI NOTED THAT 13 PROSPECTIVE NON-REGIONAL IDB MEMBERS HAD MANAGED COME UP WITH TOTAL PROPOSED PARTICIPATION OF APPROXIMATELY DOLLARS 440 MILLION IN CASH AND DOLLARS 750 MILLION CALLABLE CAPITAL. IN MEETINGS DURING LAST WEEK'S IMF/IBRD CONFERENCE, JACOBI SAID THAT NON-REGIONAL COUNTRIES HAD LEARNED FROM IDB PRESIDENT THAT ONE IDB MEMBER, WHICH HE UNDERSTOOD TO BE US, HAD BEEN

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UNABLE TO MAKE UP MIND WHETHER TO ACCEPT OFFER OF NON-

REGIONAL COUNTRIES. JACOBI SAID THAT NON-REGIONAL COUNTRIES THOUGHT IT HIGHLY IMPORTANT AND URGENT TO FINALIZE THIS MATTER AS SOON AS POSSIBLE.

4. JACOBI NOTED THAT SEVERAL DONOR COUNTRY GOVERNMENTS ARE FACING DIFFICULT ECONOMIC AND/OR BUDGETARY SITUATION AND WILL FIND IT VERY HARD CONTINUE TO STAND BY OFFERS THEY HAVE MADE. IN ADDITION, PRESSURE IS INCREASING TO GIVE AID ONLY TO THOSE COUNTRIES MOST SERIOUSLY AFFECTED, OF WHICH ONLY HAITI IS LOCATED IN WESTERN HEMISPHERE. HE THOUGHT THAT ENLARGED DONOR COUNTRY MEMBERSHIP IN IDB WOULD OFFER US AND CANADA BETTER BURDEN SHARING, AND AT LEAST PRESENTATIONALLY DEFUSE CHARGE THAT IDB US-DOMINATED. IN ADDITION, INCREASED MEMBERSHIP SHOULD ALLOW CONTINUED ACCESS FOR IDB BONDS TO SWISS AND OTHER CAPITAL MARKETS.

5. JACOBI SAID THAT MEETING WILL BE HELD IN BONN NOVEMBER 5 AND 6 TO FIRM UP TERMS AND CONDITIONS WITH IDB MANAGEMENT. MEETING ALSO TENTATIVELY SCHEDULED FOR MADRID IN MID-DECEMBER TO SIGN DECLARATION OF INTENT TO SEEK GOVERNMENT AND PARLIAMENTARY APPROVAL OF IDB MEMBERSHIP. IN SWITZERLAND, PARLIAMENTARY APPROVAL PROCESS WILL TAKE AT LEAST ONE YEAR AND THUS ALL PRELIMINARY STEPS MUST BE COMPLETED THIS YEAR IN ORDER TO ALLOW JANUARY 1, 1976, ENTRY INTO FORCE TARGET DATE TO BE MET.

6. IN SUM, JACOBI THOUGHT THERE WAS NO CHANCE NON-REGIONALS COULD FURTHER INCREASE THEIR TOTAL OFFER AND THAT SLIPPAGE LIKELY IF FURTHER DELAY IN IDB ACCEPTANCE SHOULD OCCUR.

7. EMBASSY WOULD APPRECIATE AS SOON AS POSSIBLE GUIDANCE ON USG ATTITUDE TOWARD NON-REGIONAL COUNTRY PARTICIPATION IN IDB IN ORDER THAT WE CAN RESPOND TO JACOBI.
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